

Message Text

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TO AMEMBASSY TOKYO

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TAGS: EAIR, JA

SUBJECT: CIVAIR - JAPANESE REPLY TO US COMPREHENSIVE
PROPOSAL

REF: STATE 89238

1. ON MAY 2 JAPANESE EMBOFFS (FUKADA AND HAYAKAWA)
PRESENTED FOLLOWING PAPER CONTAINING JAPANESE REPLY TO US
COMPREHENSIVE PROPOSALS:

QUOTE. THE FOLLOWING IS THE JAPANESE COUNTERPROPOSAL TO
THE US PROPOSAL ON APRIL 20 FOR THE TEMPORARY SOLUTION OF
IMMEDIATE ISSUES ON JAPAN-US CIVIL AVIATION UNTIL THE COM-
PLETION OF REVISION TALKS.

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A. SAIPAN SERVICE. JAPAN PROPOSES THE FOLLOWING MEASURES
AS A TEMPORARY SOLUTION OF SAIPAN SERVICE ON CONDITION THAT
A METHOD ON CAPACITY ARRANGEMENT (B) BELOW WOULD BE AGREED
UPON.

1. THE LEVEL OF FREQUENCIES BETWEEN TOKYO AND SAIPAN BY AIR
MICRONESIA WOULD BE TWO ROUNDTRIP FLIGHTS PER WEEK USING

B-727-100 AIRCRAFT. HOWEVER, IT WOULD BE INCREASED TO FOUR
ROUNDTrip FLIGHTS PER WEEK ON OR AFTER JUNE 1, 1977, IF THE

AIR MICRONESIA COULD OBTAIN ADDITIONAL SLOTS OUT OF TOTAL
328 SLOTS CURRENTLY USED BY THE US SCHEDULED AIRLINES IN
HANEDA. THE PROPOSED INCREASE OF FREQUENCIES TO SEVEN
ROUNDTrip FLIGHTS PER WEEK TO BE EFFECTIVE ON AND AFTER
OCTOBER 1, 1977, WILL BE DETERMINED BASED UPON THE EVALUA-
TION OF SUPPLY-DEMAND RELATIONS IN THE GUAM/SAIPAN MARKET
AS PRESCRIBED BELOW CONCERNING CAPACITY ARRANGEMENTS
(JAPAN REGARDS GUAM AND SAIPAN AS A SINGLE MARKET).

2. JAPAN WOULD ASSURE THAT FOUR HANEDA SLOTS PER WEEK BE
MADE AVAILABLE FOR AIR MICRONESIA (FOR TWO FLIGHTS PER
WEEK) FROM SLOTS NOT CURRENTLY USED BY US SCHEDULED
AIRLINES.

3. A JAPANESE AIRLINE MAY OPERATE THE SAME NUMBER OF
TOKYO-SAIPAN FLIGHTS AS AIR MICRONESIA, AND IT WOULD NOT
OPERATE SERVICE TO SAIPAN FROM POINTS IN JAPAN OTHER THAN
TOKYO, SINCE THE UNDERLYING CONCEPT CONCURS WITH THE BASIC
JAPANESE VIEW REGARDING ROUTE STRUCTURE (CITY-PAIRS OR
GROUPS OF CITY-PAIRS THEORY) AS PRESENTED IN THE LAST
ROUND OF CONSULTATIONS.

4. JAPANESE ROUTE 4 WOULD BE AMENDED TO READ "FROM JAPAN
TO SAIPAN AND GUAM." IN ACCORDANCE WITH ARTICLE 16(A) OF
CIVIL AIR TRANSPORT AGREEMENT BETWEEN JAPAN AND THE US.

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THE AERONAUTICAL AUTHORITIES OF EACH GOVERNMENT WOULD ISSUE
NECESSARY PERMITS TO AIRLINES CONCERNED OF THE OTHER PARTY
SO THAT THEY WOULD BE ABLE TO COMMENCE THEIR SERVICES AT
THE SAME TIME BETWEEN TOKYO AND SAIPAN.

5. NEITHER US NOR JAPANESE AIRLINES WOULD OPERATE JAPAN-
SAIPAN/MICRONESIA CHARTERS. ACCORDINGLY, ANY AIRLINE OF
BOTH COUNTRIES MAY NOT OPERATE CHARTERS TO GUAM CARRYING
CHARTER PASSENGERS DESTINED FOR SAIPAN.

6. THE US WOULD AGREE TO CONSIDER GRANTING TO JAPAN
TRAFFIC RIGHTS BEYOND SAIPAN TO MICRONESIA IN THE REVISION
TALKS.

7. AIR MICRONESIA, LIKE OTHER SCHEDULED AIRLINES, WOULD
OBSERVE INSTRUCTIONS OF THE AUTHORITIES TO MAKE ADJUST-
MENTS OF FLIGHT SCHEDULE IN TERMS OF SLOT TIME AND DAY-OF-
THE WEEK ADJUSTMENT.

B. CAPACITY ARRANGEMENT. IT IS TO BE NOTED THAT WHILE JAPAN HAS PROPOSED TO ABROGATE OR SUSPEND THE AGREED MINUTE OF 1959, THE US HAS EXPRESSED ITS DIFFICULTY IN COMPLYING WITH THE JAPANESE PROPOSAL. THEREFORE, JAPAN

MAKES FOLLOWING PROPOSAL ON CAPACITY AS A TEMPORARY MEASURE BY WAY OF COMPROMISE UNTIL THE COMPLETION OF THE REVISION TALKS, SETTING ASIDE THE DIFFERENCE OF VIEWS CONCERNING THE ISSUE OF THE AGREED MINUTE.

1. BOTH JAPANESE AND US AIRLINES WOULD NOT IN PRINCIPLE INCREASE TOTAL CAPACITY OF REGULARLY SCHEDULED SERVICES (INCLUDING THE SUBSTITUTION OF AIRCRAFT WITH GREATER CAPACITY) ON EACH JAPAN/US ROUTE AS OF APRIL 1, 1977, EXCEPT FOR THE AIR MICRONESIA AND JAPAN AIR LINES SERVICES BETWEEN TOKYO AND SAIPAN BY FOUR ROUNDTRIP FLIGHTS PER WEEK RESPECTIVELY.
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2. IN CASE JAPANESE OR US AIRLINES WISH TO INCREASE CAPACITY ON A SPECIFIC ROUTE, CONSULTATIONS BETWEEN AIRLINES OR AUTHORITIES, BASED ON THE EVALUATION OF SUPPLY-DEMAND RELATIONS ON THE SAID ROUTE, WILL TAKE PLACE. IT IS TO BE UNDERSTOOD THAT AN AIRLINE OF THE PARTY WHICH PROVIDES LESS CAPACITY IN THE SAID ROUTE WILL BE GIVEN PRIORITY TO INCREASE CAPACITY IN SUCH A CONSULTATION. THE INCREASE OF CAPACITY WOULD NOT BE PERMITTED IF NO AGREEMENT IS REACHED IN THE CONSULTATIONS.

C. SLOT LIMITATION. REGULARLY ASSIGNED SLOTS AT HANEDA FOR THE US SCHEDULED AIRLINES WOULD BE LIMITED TO 332 UNTIL THE COMPLETION OF REVISION TALKS (FOOTNOTES 1 AND 2).

THE ALLOCATION OF SLOTS AMONG US SCHEDULED AIRLINES ARE AS FOLLOWS:

PAN AMERICAN	126
NORTHWEST	132
FLYING TIGER	70
AIR MICRONESIA	4

FOOTNOTE 1. IT IS STATED IN THE US PROPOSAL THAT FLYING TIGER WOULD CONTINUE TO OPERATE THREE ROUNDTRIP EXTRA SECTIONS (SIX SLOTS). THOSE SIX SLOTS, HOWEVER, HAVE BEEN ALLOCATED TO EXTRA SECTIONS OUT OF THE TOTAL QUOTA FOR NON-SCHEDULED FLIGHTS, AND ARE NOT CONTINUOUSLY GRANTED FOR FLYING TIGER.

FOOTNOTE 2. DISCREPANCY OF TWO SLOTS BETWEEN JAPANESE AND

US FIGURES ON TOTAL US SLOTS ARISES FROM THE FACT THAT US COUNTS A NON-OPERATING CARGO FLIGHT OF PAN AM IN THE TOTAL SLOTS.

D. PAN AM CAPACITY CHANGES.
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1. PAN AM'S APPLICATION TO INCREASE FREQUENCIES EFFECTIVE AS OF APRIL 24, 1977, IS NOT PERMITTED, SINCE IT ENLARGES THE CURRENT US JAPAN DISPARITY ON CAPACITY AS THE

JAPANESE SIDE POINTED OUT AT THE LAST ROUND OF CONSULTATIONS.

2. DUE TO THE PHYSICAL CONDITION AT OSAKA AIRPORT, IT IS NOT POSSIBLE TO ALLOCATE SIX ADDITIONAL SLOTS TO PAN AM.

E. US SUPPLEMENTAL AIRLINES.

THE PRESENT GENERAL PROCEDURE OF SLOT ALLOCATION IN JAPAN CANNOT BE CHANGED DUE TO THE TECHNICAL DIFFICULTIES INVOLVING RELATIONS WITH OTHER COUNTRIES. HOWEVER, IN AN EFFORT TO ACCOMMODATE THE US PROPOSAL, JAPAN IS PREPARED TO GIVE FAVORABLE CONSIDERATION TO US SUPPLEMENTAL AIRLINES IN ALLOCATING SLOTS FOR THEM, PROVIDED THAT US SUPPLEMENTAL AIRLINES, RESPECTING AND BASED ON CURRENT ALLOCATION OF SLOTS IN JAPAN, WOULD OPERATE CHARTERS WITH SUCH DUE INTERVALS AND AT SUCH TIME AS MAY BE ALLOTTED BY THE JAPANESE AUTHORITIES REFLECTING THE CONGESTED SITUATION OF HANEDA; OR WOULD OPERATE CHARTERS MAKING USE OF THE SLOTS WHICH ARE ALLOCATED TO THE US SCHEDULED AIRLINES FOR SCHEDULED FLIGHTS AND ARE NOT BEING TEMPORARILY USED.

F. REDUCTION OF CAPACITY OF US AIRLINES USING FIFTH FREEDOM RIGHTS BEYOND JAPAN.

THE JAPANESE SIDE, IN THE LAST ROUND OF CONSULTATIONS, POINTED OUT THAT US AIRLINES HAVE PICKED UP EXCESSIVE LOCAL AND REGIONAL TRAFFIC IN THE AIR SERVICES BEYOND JAPAN, AND REQUESTED THE US TO TAKE APPROPRIATE MEASURES NOT TO CARRY SUCH AN EXCESSIVE LOCAL AND REGIONAL TRAFFIC. SINCE NO COMMENT FROM THE US SIDE HAS BEEN MADE AS OF NOW, THE US LIMITED OFFICIAL USE

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SIDE IS REQUESTED TO GIVE US A PROMPT REPLY ON THIS

MATTER. END QUOTE.

2. STYLES (OA) COMMENTED THAT ALTHOUGH JAPANESE PAPER REPRESENTED SOME PROGRESS IN NARROWING DIFFERENCES, (1) BECAUSE OF NO ADDITIONAL SLOTS AT OSAKA (PART D), USG MAY HAVE DIFFICULTY FINDING SLOTS FROM US AIRLINES AT HANEDA; (2) PART B ON CAPACITY VIRTUALLY SAME AS ORIGINAL PROPOSAL, I.E., IMPOSED A FREEZE (FUKADA SAID ON THIS POINT THAT HE HAD AUTHORITY TO SAY "REASONABLE" INCREASES WOULD BE APPROVED AND THAT NO FREEZE WAS IMPLIED); (3) "FAVORABLE CONSIDERATION TO US SUPPLEMENTAL AIRLINES" IN PART E WAS HOPEFUL AS LONG AS THE PROVISOS DID NOT LIMIT THEIR ACCESS TO SLOTS; AND (4) US DID NOT COMMENT ON

FIFTH FREEDOM TRAFFIC PROBLEM (PART F) BECAUSE WE DID NOT VIEW IT AS IMMEDIATE PROBLEM AND, IN ANY CASE, MATTER NEEDED TO BE STUDIED FURTHER.

3. AFTER THESE COMMENTS, STYLES EXPLAINED TIMING PROBLEM FOR NEXT MEETING BECAUSE OF COMPLICATION WITH NEGOTIATIONS SCHEDULE (UK). WITHOUT MAKING COMMITMENT AS TO NEXT TALKS, HE ASKED FUKADA TO CHECK IF APPROPRIATE CIVAIR AUTHORITIES WOULD BE AVAILABLE TO MEET WEEK OF MAY 9 IN TOKYO. (JAPANESE EMBASSY HAS ALREADY CONFIRMED CIVAIR PEOPLE WOULD BE AVAILABLE.)
VANCE

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